Tswelopele Local Municipality
(Registration number FS183)
Financial statements
for the year ended 30 June 2013

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Providing municipal services and maintain the best interests of the local community mainly in the Tswelopele area.
Executive committee	Mathibe, ME (Mayor) Moalosi, PP Horn, C
Councillors	Matlakala, TA (Speaker) Baleni, MS Bonokwane, MS Eseu, BP Joubert, EC Njodina, DA Ngexe, MJ Phukuntsi, KR Raseu, MW Taedi, TT Taljaard, MJ Snyer, MM
Grading of local authority	Medium Capacity Grade 3 in terms of Remuneration of Public Office Bearers Act.
Accounting Officer	Mkhwane, TL
Chief Finance Officer (CFO)	Moletsane, L
Business address	Civic Centre Bosman Street Bultfontein 9670
Postal address	PO Box 3 Bultfontein 9670
Bankers	ABSA Bank Limited
Auditors	The Auditor-General of South Africa

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

Contents | **Page**

Contents	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5 - 6
Statement of Changes in Net Assets	8
Statement of Financial Performance	7
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 15
Appropriation Statement	16 - 15
Accounting Policies	16 - 43
Notes to the Financial Statements	44 - 76
Appendixes: (The appendixes do not form part of the financial statements and are unaudited)	
Appendix A: Schedule of External loans	77
Appendix B: Analysis of Property, Plant and Equipment	80
Appendix C: Segmental analysis of Property, Plant and Equipment	86
Appendix D: Segmental Statement of Financial Performance	87
Appendix E(1): Actual versus Budget (Revenue and Expenditure)	89
Appendix E(2): Actual versus Budget (Acquisition of Property, Plant and Equipment)	92
Appendix F: Disclosure of Grants and Subsidies in terms of the Municipal Finance Management Act	93

Index

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The accounting officer ceritifies that the salaries, allowances and benefits of Councillors as disclosed in note 29 of these annual financial statments are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of the Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The annual financial statements set out on pages 5 to 76, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2013 and were signed on its behalf by:

TL Mkhwane
Municipal Manager

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Cash and cash equivalents	3	14,051,498	15,219,754
Consumer debtors	4	7,059,499	6,428,236
Inventories	5	502,246	166,493
Receivables from exchange transactions	6	381,430	669,198
Receivables from non-exchange transactions	7	2,143,152	4,311,139
VAT receivable	8	801,756	1,825,207
		24,939,581	**28,620,027**
Non-Current Assets			
Biological assets that form part of an agricultural activity	9	1,131,476	816,680
Intangible assets	10	18,685	12,091
Investment property	11	23,876,000	23,876,000
Other financial assets	12	897,182	823,107
Property, plant and equipment	13	349,996,838	338,471,070
		375,920,181	**363,998,948**
Non-Current Assets		375,920,181	363,998,948
Current Assets		24,939,581	28,620,027
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		**400,859,762**	**392,618,975**
Liabilities			
Current Liabilities			
Borrowings	14	636,693	566,036
Consumer deposits	15	538,253	478,702
Finance lease obligation	16	636,931	601,962
Payables from exchange transactions	17	17,268,629	22,724,867
Provisions	18	490,000	442,000
Retirement benefit obligation	19	419,000	425,000
Unspent conditional grants and receipts	20	-	2,546,130
VAT payable		59,228	265,747
		20,048,734	**28,050,444**
Non-Current Liabilities			
Borrowings	14	11,848,214	12,484,907
Finance lease obligation	16	360,974	908,595
Provisions	18	8,804,566	8,284,317
		21,013,754	**21,677,819**

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	2013	2012
Non-Current Liabilities		21,013,754	21,677,819
Current Liabilities		20,048,734	28,050,444
Liabilities of disposal groups		-	-
Total Liabilities		**41,062,488**	**49,728,263**
Assets		400,859,762	392,618,975
Liabilities		(41,062,488)	(49,728,263)
Net Assets		**359,797,274**	**342,890,712**
Net Assets			
Reserves			
Accumulated surplus		359,797,274	342,890,712
Total Net Assets		**359,797,274**	**342,890,712**

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Service charges	23	32,202,117	27,754,677
Rental of facilities and equipment	24	882,534	389,622
Interest received (trading)		104,165	265,387
Licences and permits		1,350	1,100
Sale of game		-	197,300
Other income	25	1,064,852	533,027
Interest received - investment		478,873	815,952
Dividends received		146,218	69,042
Property rates	26	7,546,076	6,571,275
Government grants & subsidies	27	98,413,772	97,697,348
Fines		128,220	96,430
Total revenue		**140,968,177**	**134,391,160**
Expenditure			
Personnel	28	(38,637,738)	(32,664,458)
Remuneration of councillors	29	(4,613,937)	(3,670,373)
Depreciation and amortisation	30	(18,770,744)	(19,753,250)
Finance costs	31	(1,980,155)	(1,998,095)
Debt impairment	32	(4,865,174)	(6,260,335)
Repairs and maintenance		(6,313,779)	(5,534,176)
Bulk purchases	33	(28,299,313)	(24,839,234)
General Expenses	34	(20,969,649)	(19,232,809)
Total expenditure		**(124,450,489)**	**(113,952,730)**
		-	-
Total revenue		140,968,177	134,391,160
Total expenditure		(124,450,489)	(113,952,730)
Operating surplus		**16,517,688**	**20,438,430**
Fair value adjustments - game		314,796	176,804
Fair value adjustments - shares	35	74,075	615,151
		388,871	**791,955**
Surplus before taxation		16,906,559	21,230,385
Taxation		-	-
Surplus for the year		**16,906,559**	**21,230,385**
Attributable to:			
Owners of the controlling entity		16,906,559	21,230,385

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2011	**321,660,327**	**321,660,327**
Changes in net assets		
Surplus/(deficit) for the period	21,230,385	21,230,385
Total changes	21,230,385	21,230,385
Balance at 01 July 2012	**342,890,715**	**342,890,715**
Changes in net assets		
Surplus/(deficit) for the period	16,906,559	16,906,559
Total changes	16,906,559	16,906,559
Balance at 30 June 2013	**359,797,274**	**359,797,274**

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Sale of goods and services		41,920,343	45,252,956
Grants		98,336,699	96,762,437
Interest income		478,873	815,952
Dividends received		146,218	69,042
		140,882,133	142,900,387
Payments			
Employee costs		(43,251,675)	(36,810,998)
Suppliers		(65,253,749)	(55,581,372)
Finance costs		(1,685,586)	(1,604,242)
		(110,191,010)	(93,996,612)
Total receipts		140,882,133	142,900,387
Total payments		(110,191,010)	(93,996,612)
Net cash flows from operating activities	38	**30,691,123**	**48,903,775**
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(120,865,533)	(34,870,971)
Proceeds from sale of property, plant and equipment	13	221,984	-
Purchase of investment property	11	-	(5,000,000)
Purchase of other intangible assets	10	(240,902)	(223,117)
Purchase of biological assets that form part of an agricultural activity	9	(183,014)	(133,441)
Proceeds from sale of biological assets that form part of an agricultural activity	9	-	102,698
Other cash item		90,581,343	-
Net cash flows from investing activities		**(30,486,122)**	**(40,124,831)**
Cash flows from financing activities			
Repayment of borrowings		(566,036)	(503,229)
Movement in other liability		-	(1,000)
Finance lease payments		(807,221)	(852,392)
Net cash flows from financing activities		**(1,373,257)**	**(1,356,621)**
Net increase/(decrease) in cash and cash equivalents		**(1,168,256)**	**7,422,323**
Cash and cash equivalents at the beginning of the year		15,219,754	7,797,431
Cash and cash equivalents at the end of the year	3	**14,051,498**	**15,219,754**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	23,884,289	8,198,711	**32,083,000**	32,202,117	**119,117**	
Rental of facilities and equipment	583,490	215,510	**799,000**	882,534	**83,534**	
Interest received (trading)	448,200	(448,200)	-	104,165	**104,165**	
Licences and permits	947	353	**1,300**	1,350	**50**	
Other income	149,400	664,600	**814,000**	-	**(814,000)**	
Other income - (rollup)	524,473	(524,473)	-	1,064,852	**1,064,852**	
Interest received - investment	373,500	106,500	**480,000**	478,873	**(1,127)**	
Dividends received	97,110	(97,110)	-	146,218	**146,218**	
Total revenue from exchange transactions	**26,061,409**	**8,115,891**	**34,177,300**	**34,880,109**	**702,809**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	2,314,344	1,770,656	**4,085,000**	7,546,076	**3,461,076**	
Government grants & subsidies	49,110,284	17,205,716	**66,316,000**	98,413,772	**32,097,772**	
Transfer revenue						
Fines	114,216	117,784	**232,000**	128,220	**(103,780)**	
Total revenue from non-exchange transactions	**51,538,844**	**19,094,156**	**70,633,000**	**106,088,068**	**35,455,068**	
'Total revenue from exchange transactions'	26,061,409	8,115,891	**34,177,300**	34,880,109	**702,809**	
'Total revenue from non-exchange transactions'	51,538,844	19,094,156	**70,633,000**	106,088,068	**35,455,068**	
Total revenue	**77,600,253**	**27,210,047**	**104,810,300**	**140,968,177**	**36,157,877**	
Expenditure						
Personnel	(28,368,366)	(6,767,634)	**(35,136,000)**	(38,637,738)	**(3,501,738)**	
Remuneration of councillors	(4,027,407)	(849,593)	**(4,877,000)**	(4,613,937)	**263,063**	
Depreciation and amortisation	-	-	-	(18,770,744)	**(18,770,744)**	
Finance costs	(1,516,261)	(829,739)	**(2,346,000)**	(1,980,155)	**365,845**	
Debt impairment	(1,867,878)	(632,622)	**(2,500,500)**	(4,865,174)	**(2,364,674)**	
Repairs and maintenance	(5,745,924)	-	**(5,745,924)**	(6,313,779)	**(567,855)**	
Bulk purchases	(19,871,969)	(343,031)	**(20,215,000)**	(28,299,313)	**(8,084,313)**	
General Expenses	(18,183,585)	(18,371,991)	**(36,555,576)**	(20,969,649)	**15,585,927**	
Total expenditure	**(79,581,390)**	**(27,794,610)**	**(107,376,000)**	**(124,450,489)**	**(17,074,489)**	
	77,600,253	131,568,089	**104,810,300**	140,968,177	**36,157,877**	
	(79,581,390)	(27,794,610)	**(107,376,000)**	(124,450,489)	**(17,074,489)**	
Operating surplus	**(1,981,137)**	**103,773,479**	**(2,565,700)**	**16,517,688**	**19,083,388**	
Gain on foreign exchange	-	-	-	314,796	**314,796**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Fair value adjustments	-	-	-	74,075	**74,075**	
	-	**-**	**-**	**388,871**	**388,871**	
	(1,981,137)	103,773,479	**101,792,342**	16,517,688	**(85,274,654)**	
	-	-	**-**	388,871	**388,871**	
Surplus before taxation	**(1,981,137)**	**103,773,479**	**101,792,342**	**16,906,559**	**(84,885,783)**	
Deficit before taxation	(1,981,137)	103,773,479	**101,792,342**	16,906,559	**(84,885,783)**	
Taxation	-	-	**-**	-	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(1,981,137)**	**103,773,479**	**101,792,342**	**16,906,559**	**(84,885,783)**	

Reconcilation

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	89,000	-	**89,000**	502,246	**413,246**	
Receivables from exchange transactions	-	-	**-**	381,430	**381,430**	
Receivables from non-exchange transactions	4,276,000	(2,552,304)	**1,723,696**	2,143,152	**419,456**	
VAT receivable	-	-	**-**	801,756	**801,756**	
Consumer debtors	19,763,000	-	**19,763,000**	7,059,499	**(12,703,501)**	
Cash and cash equivalents	7,825,000	-	**7,825,000**	14,051,498	**6,226,498**	
	31,953,000	**(2,552,304)**	**29,400,696**	**24,939,581**	**(4,461,115)**	
Non-Current Assets						
Biological assets that form part of an agricultural activity	1,067,000	-	**1,067,000**	1,131,476	**64,476**	
Investment property	13,066,000	-	**13,066,000**	23,876,000	**10,810,000**	
Property, plant and equipment	553,347,000	-	**553,347,000**	349,996,838	**(203,350,162)**	
Intangible assets	-	-	**-**	18,685	**18,685**	
Other financial assets	212,000	-	**212,000**	897,182	**685,182**	
	567,692,000	**-**	**567,692,000**	**375,920,181**	**(191,771,819)**	
Non-Current Assets	31,953,000	(2,552,304)	**29,400,696**	24,939,581	**(4,461,115)**	
Current Assets	567,692,000	-	**567,692,000**	375,920,181	**(191,771,819)**	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	**-**	-	**-**	
Total Assets	**599,645,000**	**(2,552,304)**	**597,092,696**	**400,859,762**	**(196,232,934)**	
Liabilities						
Current Liabilities						
Borrowings	1,351,000	-	**1,351,000**	636,693	**(714,307)**	
Finance lease obligation	-	-	**-**	636,931	**636,931**	
Payables from exchange transactions	19,103,000	-	**19,103,000**	17,268,631	**(1,834,369)**	
VAT payable	-	-	**-**	59,228	**59,228**	
Consumer deposits	452,000	-	**452,000**	538,253	**86,253**	
Retirement benefit obligation	-	-	**-**	419,000	**419,000**	
Provisions	-	-	**-**	490,000	**490,000**	
	20,906,000	**-**	**20,906,000**	**20,048,736**	**(857,264)**	
Non-Current Liabilities						
Borrowings	14,432,000	-	**14,432,000**	11,848,214	**(2,583,786)**	
Finance lease obligation	-	-	**-**	360,974	**360,974**	
Provisions	3,491,000	-	**3,491,000**	8,804,566	**5,313,566**	
	17,923,000	**-**	**17,923,000**	**21,013,754**	**3,090,754**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	20,906,000	-	**20,906,000**	20,048,736	**(857,264)**	
	17,923,000	-	**17,923,000**	21,013,754	**3,090,754**	
	-	-	**-**	-	**-**	
Total Liabilities	**38,829,000**	**-**	**38,829,000**	**41,062,490**	**2,233,490**	
Assets	599,645,000	(2,552,304)	**597,092,696**	400,859,762	**(196,232,934)**	
Liabilities	(38,829,000)	-	**(38,829,000)**	(41,062,490)	**(2,233,490)**	
Net Assets	**560,816,000**	**(2,552,304)**	**558,263,696**	**359,797,272**	**(198,466,424)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Capital replacement reserve	350,490,000	-	**350,490,000**	-	**(350,490,000)**	
Accumulated surplus	210,326,000	(2,552,304)	**207,773,696**	359,797,272	**152,023,576**	
Total Net Assets	**560,816,000**	**(2,552,304)**	**558,263,696**	**359,797,272**	**(198,466,424)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	35,178,000	-	**35,178,000**	41,920,343	**6,742,343**	
Grants	102,731,000	-	**102,731,000**	98,336,699	**(4,394,301)**	
Interest income	660,000	-	**660,000**	478,873	**(181,127)**	
Dividends received	-	-	**-**	146,218	**146,218**	
	138,569,000	**-**	**138,569,000**	**140,882,133**	**2,313,133**	
Payments						
Employee costs	(36,379,000)	-	**(36,379,000)**	(43,251,675)	**(6,872,675)**	
Suppliers	(66,428,000)	-	**(66,428,000)**	(65,253,749)	**1,174,251**	
Finance costs	(2,346,000)	-	**(2,346,000)**	(1,685,586)	**660,414**	
	(105,153,000)	**-**	**(105,153,000)**	**(110,191,010)**	**(5,038,010)**	
Total receipts	138,569,000	-	**138,569,000**	140,882,133	**2,313,133**	
Total payments	(105,153,000)	-	**(105,153,000)**	(110,191,010)	**(5,038,010)**	
Net cash flows from operating activities	**33,416,000**	**-**	**33,416,000**	**30,691,123**	**(2,724,877)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(35,371,000)	-	**(35,371,000)**	(120,865,533)	**(85,494,533)**	
Proceeds from sale of property, plant and equipment	-	-	**-**	221,984	**221,984**	
Purchase of other intangible assets	-	-	**-**	(240,902)	**(240,902)**	
Purchase of biological assets that form part of an agricultural activity	-	-	**-**	(183,014)	**(183,014)**	
Other cash item	-	-	**-**	90,581,343	**90,581,343**	
Net cash flows from investing activities	**(35,371,000)**	**-**	**(35,371,000)**	**(30,486,122)**	**4,884,878**	
Cash flows from financing activities						
Repayment of borrowings	(448,000)	-	**-**	(566,036)	**(566,036)**	
Movement in current portion of long-term provision	(596,000)	-	**-**	-	-	
Finance lease payments	-	-	**-**	(807,221)	**(807,221)**	
Net cash flows from financing activities	**(1,044,000)**	**-**	**-**	**(1,373,257)**	**(1,373,257)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net increase/(decrease) in cash and cash equivalents	(2,999,000)	-	**(1,955,000)**	(1,168,256)	**786,744**	
Cash and cash equivalents at the beginning of the year	7,825,000	-	**7,825,000**	15,219,754	**7,394,754**	
Cash and cash equivalents at the end of the year	**4,826,000**	**-**	**5,870,000**	**14,051,498**	**8,181,498**	

Reconcilation

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete stock

An allowance is recognised to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

1.1 Significant judgements and sources of estimation uncertainty (continued)

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Biological assets that form part of an agricultural activity

The fair value of game is determined based on market prices of livestock of similar age, breed, and genetic merit.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less estimated point-of-sale costs and from a change in fair value less estimated point-of-sale costs of a biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

1.3 Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

1.4 Property, plant and equipment (continued)

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

1.4 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land and buildings	
• Land	Indefinite
• Buidlings	30 - 45 years
Leased assets	5 years
Furniture and fixtures	6 years
IT equipment	3 years
Infrastructure	
• Electricity	20 years
• Roads and paving	15 - 30 years
• Sewerage	20 - 30 years
• Water	20 - 30 years
Other property, plant and equipment	10 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

1.4 Property, plant and equipment (continued)

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of municipality are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the municipality.

1.5 Intangible assets

An asset is identified as an intangible asset when it:
- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Accounting Policies

1.5 Intangible assets (continued)

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Software licences	1 year
Computer software	3 years
Website	Indefinite

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

1.6 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm’s length transaction.

A financial asset is:
- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

1.6 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:
- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Accounting Policies

1.6 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unlisted shares	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial liabilities	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

1.6 Financial instruments (continued)

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

1.6 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

1.6 Financial instruments (continued)

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

1.7 Leases (continued)

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Accounting Policies

1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity’s own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:
- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:
- an entity’s decision to terminate an employee’s employment before the normal retirement date; or
- an employee’s decision to accept voluntary redundancy in exchange for those benefits.

1.9 Employee benefits (continued)

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity’s actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.9 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:
- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.10 Provisions and contingencies

Provisions are recognised when:
- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

1.10 Provisions and contingencies (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;

1.10 Provisions and contingencies (continued)

- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Accounting Policies

1.11 Revenue from exchange transactions (continued)

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by .

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality’s right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

Services in-kind are recognised as revenue and as assets.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:
- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:
- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number and . In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote; and

1.16 Unauthorised expenditure (continued)

- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.17 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.19 Use of estimates

The preparation of financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

Accounting Policies

1.20 Presentation of currency

These financial statements are presented in South African Rand.

1.21 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.22 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.23 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Accounting Policies

1.24 Related parties (continued)

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

Notes to the Financial Statements

Figures in Rand	2013	2012

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 23: Revenue from Non-exchange Transactions	01 April 2012	Low
• GRAP 24: Presentation of Budget Information in the Financial Statements	01 April 2012	Low
• IPSAS 21: Impairment of Non Cash-Generating Assets	01 April 2009	Low
• GRAP 26: Impairment of cash-generating assets	01 April 2012	Low
• GRAP 104: Financial Instruments	01 April 2012	Low

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 25: Employee benefits	01 April 2013	Low

2. New standards and interpretations (continued)

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality’s accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	Low
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	Low
• GRAP 107: Mergers	01 April 2014	Low
• GRAP 20: Related parties	01 April 2013	Low
• IGRAP 11: Consolidation – Special purpose entities	01 April 2014	Low
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2014	Low
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	Low
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	Low
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	Low
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	Low
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	Low
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	Low
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	Low
• GRAP 12 (as revised 2012): Inventories	01 April 2013	Low
• GRAP 13 (as revised 2012): Leases	01 April 2013	Low
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	Low
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013	Low
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013	Low
• IGRAP16: Intangible assets website costs	01 April 2013	Low
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013	Low

The aggregate impact of the initial application of the statements and interpretations on the municipality's financial statements is expected to be as follows:

Notes to the Financial Statements

Figures in Rand	2013	2012

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013	2012
Bank balances	2,531,499	5,718,004
Short-term deposits	11,519,999	9,501,750
	14,051,498	**15,219,754**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank - Cheque account - 810142227	2,531,499	5,718,004	306,880	2,531,499	5,718,004	306,880
ABSA Bank - Money Market account - 9108352550	1,520,000	4,473,716	4,242,395	1,520,000	4,473,716	4,242,395
Nedbank - 32 day notice account - 03/7662023052/000003	-	5,028,034	-	-	5,028,034	-
Stanlib - Cash plus fund - 551621715	-	-	3,245,216	-	-	3,245,216
FNB - Investment account	10,000,000	-	-	10,000,000	-	-
Total	**14,051,499**	**15,219,754**	**7,794,491**	**14,051,499**	**15,219,754**	**7,794,491**

4. Consumer debtors

Gross balances	2013	2012
Rates	5,160,141	5,802,385
Electricity	2,642,979	2,132,672
Water	6,783,161	6,494,558
Sewerage	9,969,928	9,287,487
Refuse	6,976,233	6,684,078
Housing rental	1,167,226	1,305,522
	32,699,668	**31,706,702**

Notes to the Financial Statements

Figures in Rand	2013	2012

4. Consumer debtors (continued)

Less: Allowance for impairment		
Rates	(4,741,525)	(4,659,707)
Electricity	(294,352)	(301,412)
Water	(5,108,295)	(5,237,466)
Sewerage	(8,680,511)	(8,105,145)
Refuse	(5,747,109)	(5,664,357)
Housing rental	(1,068,377)	(1,310,379)
	(25,640,169)	**(25,278,466)**

Net balance		
Rates	418,616	1,142,678
Electricity	2,348,627	1,831,260
Water	1,674,866	1,257,092
Sewerage	1,289,417	1,182,342
Refuse	1,229,124	1,019,721
Housing rental	98,849	(4,857)
	7,059,499	**6,428,236**

Rates		
Current (0 -30 days)	69,741	388,400
31 - 60 days	62,760	116,447
61 - 90 days	60,488	92,511
91 - 120 days	58,901	83,272
121 - 365 days	4,908,251	5,121,755
Impairment	(4,741,525)	(4,659,707)
	418,616	**1,142,678**

Electricity		
Current (0 -30 days)	92,405	1,746,203
31 - 60 days	40,463	51,627
61 - 90 days	22,339	15,287
91 - 120 days	16,704	13,885
121 - 365 days	2,471,068	305,670
Impairment	(294,352)	(301,412)
	2,348,627	**1,831,260**

Notes to the Financial Statements

Figures in Rand	2013	2012

4. Consumer debtors (continued)

Water		
Current (0 -30 days)	213,371	505,867
31 - 60 days	206,029	187,656
61 - 90 days	195,643	180,733
91 - 120 days	188,465	167,959
121 - 365 days	5,979,653	5,452,343
Impairment	(5,108,295)	(5,237,466)
	1,674,866	**1,257,092**

Sewerage		
Current (0 -30 days)	252,046	394,030
31 - 60 days	243,291	209,226
61 - 90 days	240,254	204,153
91 - 120 days	240,962	204,642
121 - 365 days	8,993,375	8,275,437
Impairment	(8,680,511)	(8,105,146)
	1,289,417	**1,182,342**

Refuse		
Current (0 -30 days)	163,262	333,181
31 - 60 days	158,774	144,911
61 - 90 days	159,538	142,561
91 - 120 days	154,898	150,323
121 - 365 days	6,339,761	5,913,101
Impairment	(5,747,109)	(5,664,356)
	1,229,124	**1,019,721**

Housing rental		
Current (0 -30 days)	3,642	22,069
31 - 60 days	2,809	26,323
61 - 90 days	2,976	7,819
91 - 120 days	3,143	6,469
121 - 365 days	1,154,656	1,242,842
Impairment	(1,068,377)	(1,310,379)
	98,849	**(4,857)**

Notes to the Financial Statements

Figures in Rand	2013	2012

4. Consumer debtors (continued)

Summary of debtors by customer classification

Consumers		
Current (0 -30 days)	651,977	2,350,738
31 - 60 days	667,002	596,636
61 - 90 days	592,785	509,732
91 - 120 days	26,736,522	483,614
121 - 365 days	-	24,085,514
	28,648,286	**28,026,234**

Industrial/ commercial		
Current (0 -30 days)	65,160	723,265
31 - 60 days	63,557	46,552
61 - 90 days	32,288	39,242
91 - 120 days	1,465,222	29,395
121 - 365 days	-	1,243,759
	1,626,227	**2,082,213**

National and provincial government		
Current (0 -30 days)	16,390	490,518
31 - 60 days	11,504	109,459
61 - 90 days	7,521	108,151
91 - 120 days	124,947	110,568
121 - 365 days	-	779,560
	160,362	**1,598,256**

Impaired consumer debtor balance	7,059,499	6,428,236

Gross consumer debtor impairment	(25,640,169)	(25,278,466)

Gross consumer debtor balance	32,698,943	31,706,702

Reconciliation of allowance for impairment		
Balance at beginning of the year	(25,182,326)	(22,397,915)
Contributions to allowance	(4,961,314)	(6,260,335)
Debt impairment written off against allowance	4,503,471	3,379,784
	(25,640,169)	**(25,278,466)**

Notes to the Financial Statements

Figures in Rand	2013	2012

5. Inventories

Water	65,943	61,522
Fuel (Diesel)	275,819	29,025
Electrical	102,026	43,104
Water equipment	53,646	20,801
Mechanical	4,812	12,041
	502,246	**166,493**

6. Receivables from exchange transactions

Prepayments	176,895	176,895
Other receivables	204,535	295,003
Other receivables (Sale of game)	-	197,300
	381,430	**669,198**

7. Receivables from non-exchange transactions

Government grants and subsidies - Lotto Grant	2,143,152	4,311,139

8. VAT receivable

VAT receivable	801,756	1,825,207

9. Biological assets that form part of an agricultural activity

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Biological assets - game	1,131,476	-	1,131,476	816,680	-	816,680

Reconciliation of biological assets that form part of an agricultural activity - 2013

	Opening balance	Additions	Disposals	Gains or losses arising from changes in fair value	Other changes, movements	Total
Biological assets - game	816,680	183,014	-	156,274	(24,492)	1,131,476

Notes to the Financial Statements

Figures in Rand	2013	2012

9. Biological assets that form part of an agricultural activity (continued)

Reconciliation of biological assets that form part of an agricultural activity - 2012

	Opening balance	Additions	Disposals	Gains or losses arising from changes in fair value	Other changes, movements	Total
Biological assets - game	1,067,100	133,441	(102,698)	176,804	(457,967)	816,680

Non - Financial information

Quantities of each biological asset	2013	2012
Blesbok	39	34
Blue Wildebeest	-	2
Oryx	40	32
Kudu	20	21
Lechwe	4	4
Impala	14	12
Red Hartebeest	7	6
Springbok	281	224
Black Springbok	20	24
Black Wildebeest	102	77
Ostrich	15	19
Zebra	10	10
Horse	2	-
	554	**465**

Methods and assumptions used in determining fair value

The latest bid prices from game auctions were used as fair values.

Notes to the Financial Statements

Figures in Rand	2013	2012

10. Intangible assets

	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Licences	699,439	(690,746)	8,693	458,537	(457,773)	764
Computer software	16,681	(16,681)	-	16,681	(15,346)	1,335
Website	9,992	-	9,992	9,992	-	9,992
Total	**726,112**	**(707,427)**	**18,685**	**485,210**	**(473,119)**	**12,091**

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Amortisation	Total
Licenses	764	240,902	(232,973)	8,693
Computer software	1,335	-	(1,335)	-
Website	9,992	-	-	9,992
	12,091	**240,902**	**(234,308)**	**18,685**

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Licenses	36,450	223,117	(258,803)	764
Computer software	3,061	-	(1,726)	1,335
Website	9,992	-	-	9,992
	49,503	**223,117**	**(260,529)**	**12,091**

11. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	23,876,000	-	23,876,000	23,876,000	-	23,876,000

11. Investment property (continued)

Reconciliation of investment property - 2013

	Opening balance	Additions	Fair value adjustments	Total
Investment property	23,876,000	-	-	23,876,000

Reconciliation of investment property - 2012

	Opening balance	Additions	Fair value adjustments	Total
Investment property	18,249,000	5,000,000	627,000	23,876,000

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Details of valuation

Unless there is an indication of significant changes in the fair value of its investment property the municipality revalues its investment property every fours years when the valuation roll is updated .

The effective date of the revaluations was 29 June 2012. Revaluations were performed by an independent valuer, Mr R Pretorius [Quantity Surveyor, Professional Associated Valuer], of Modisenyane Property Consultants CC. Pretorius is not connected to the municipality and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

Amounts recognised in surplus and deficit for the year.

	2013	2012
Change in fair value recognised in surplus or deficit	-	627,000

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:
- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and

11. Investment property (continued)

- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

12. Other financial assets

	2013	2012
Designated at fair value		
Unlisted shares	897,182	823,107
49 383 shares held in Senwes Limited		
75 732 shares held in Senwesbel Limited		
	897,182	823,107
	-	-
	-	-

	2013	2012
Non-current assets		
Designated at fair value	897,182	823,107
Non-current assets	897,182	823,107
Current assets	-	-

13. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	16,971,980	(361,664)	16,610,316	16,971,980	(361,664)	16,610,316
Buildings	99,836,709	(33,713,748)	66,122,961	90,965,238	(29,040,910)	61,924,328
Leasehold property	2,779,415	(2,283,095)	496,320	2,779,415	(1,948,715)	830,700
Furniture and fixtures	1,268,348	(842,856)	425,492	1,115,415	(693,737)	421,678
IT equipment	61,804	(33,851)	27,953	55,805	(13,976)	41,829
Infrastructure	340,845,073	(84,105,207)	256,739,866	258,972,552	(71,301,078)	187,671,474
Other property, plant and equipment	10,679,270	(9,119,315)	1,559,955	10,205,615	(8,916,204)	1,289,411
Capital work in progress	8,013,975	-	8,013,975	69,681,334	-	69,681,334
Total	**480,456,574**	**(130,459,736)**	**349,996,838**	**450,747,354**	**(112,276,284)**	**338,471,070**

13. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	16,610,316	-	-	-	-	16,610,316
Buildings	61,924,328	8,871,471	-	-	(4,672,838)	66,122,961
Leasehold property	830,700	-	-	-	(334,380)	496,320
Furniture and fixtures	421,678	152,933	-	-	(149,119)	425,492
IT equipment	41,829	5,999	-	-	(19,875)	27,953
Infrastructure	187,671,474	81,872,521	-	-	(12,804,129)	256,739,866
Other property, plant and equipment	1,289,411	1,048,625	(221,984)	-	(556,097)	1,559,955
Capital work in progress	69,681,334	28,913,984	-	(90,581,343)	-	8,013,975
	338,471,070	**120,865,533**	**(221,984)**	**(90,581,343)**	**(18,536,438)**	**349,996,838**

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Land	16,632,908	-	(22,592)	16,610,316
Land and buildings	67,183,894	-	(5,259,566)	61,924,328
Leasehold property	1,246,676	-	(415,976)	830,700
Furniture and fixtures	555,908	28,640	(162,870)	421,678
IT equipment	-	55,805	(13,976)	41,829
Infrastructure	199,893,760	-	(12,222,286)	187,671,474
Other property, plant and equipment	2,136,893	547,966	(1,395,448)	1,289,411
Capital work in progress	35,442,774	34,238,560	-	69,681,334
	323,092,813	**34,870,971**	**(19,492,714)**	**338,471,070**

Included in the cost of land is the capitalised rehabilitation costs relating to a borrow pit which is situated in Bultfontein farm 396. The estimated cost of the rehabilitation is charged against the surplus in the statement of financial performance through the depreciation of the asset.

14. Other financial liabilities

	2013	2012
At amortised cost		
Annuity loans The annuity loans comprise two DBSA loans. The endowments are made on a six-monthly basis. The last loan will be redeemed on 31 December 2015. The loans carry interest at 11% and 14% per annum respectively.	12,484,907	13,050,943

Notes to the Financial Statements

Figures in Rand	2013	2012
Non-current liabilities		
At amortised cost	11,848,214	12,484,907
Current liabilities		
At amortised cost	636,693	566,036

15. Consumer deposits

Electricity	538,253	478,702

16. Finance lease obligation

Minimum lease payments due		
- within one year	810,002	934,144
- in second to fifth year inclusive	420,220	2,040,245
	1,230,222	2,974,389
less: future finance charges	(216,559)	(1,005,293)
Present value of minimum lease payments	**1,013,663**	**1,969,096**
Present value of minimum lease payments due		
- within one year	636,931	471,706
- in second to fifth year inclusive	376,733	1,497,390
	1,013,664	**1,969,096**
Non-current liabilities	360,974	908,595
Current liabilities	636,931	601,962
	997,905	**1,510,557**

17. Payables from exchange transactions

Trade payables	2,826,976	2,454,582
Payments received in advanced - contract in process	2,712,020	2,360,066
Accrued leave pay	3,965,169	4,540,623
Accrued bonus	801,645	725,217
Deposits received	2,300	1,000
Cash suspense accounts	752,657	894,304
Other payables	6,207,862	11,749,075
	17,268,629	**22,724,867**

Notes to the Financial Statements

Figures in Rand	2013	2012

18. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	384,317	-	-	-	(4,751)	379,566
Medical contribution provision	4,941,000	431,000	(430,000)	164,000	-	5,106,000
Long service awards provision	3,401,000	442,000	(341,000)	31,000	276,000	3,809,000
	8,726,317	**873,000**	**(771,000)**	**195,000**	**271,249**	**9,294,566**

Reconciliation of provisions - 2012

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Total
Environmental rehabilitation	372,441	-	-	-	11,876	384,317
Medical contribution provision	4,517,000	438,000	(342,000)	328,000	-	4,941,000
Long service awards provision	2,726,000	372,000	(267,000)	333,000	237,000	3,401,000
	7,615,441	**810,000**	**(609,000)**	**661,000**	**248,876**	**8,726,317**

	2013	2012
Non-current liabilities	8,804,566	8,284,317
Current liability (long service awards)	490,000	442,000
	9,294,566	**8,726,317**

Environmental rehabilitation provision

The provision relates to the estimated rehabilitation costs relating to the existing open borrow pits in Bultfontein.

The total area of the borrow pits to be rehabilitated is 8,244 square meters.

The evaluation of rehabilitation procedures and costs was performed by NEP Consulting Engineers.

Employee benefit cost provision

Notes to the Financial Statements

Figures in Rand	2013	2012

18. Provisions (continued)

The medical contribution and long service provisions are actuarial calculations which were performed by ZAQ. ZAQ is an actuarial consulting company specialising in the valuation of employee benefit liabilities for accounting disclosure purposes. Their team has done a large number of these calculations for private and public sector organizations. Members of their executive committee include:
- Niel Fourie FASSA, CERA
- Pieter Wasserfall B-Comm Actuarial Science
- Dennis De Wet B-Comm (Hons) Financial Analysis

19. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Short-term portion of the post-employment liability		
Medical-aid	419,000	425,000

20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Skills Development Grant	-	216,825
Lotto Grant	-	582,814
Free State Provincial Grant (fencing of cemetry)	-	1,746,491
	-	**2,546,130**

Movement during the year

Balance at the beginning of the year	2,546,130	2,320,438
Additions during the year	-	33,605,349
Income recognition during the year	(2,546,130)	(33,379,657)
	-	**2,546,130**

See note for reconciliation of grants from National/Provincial Government.

21. Current portion of long-term provision

Post-employment liability		
Medical-aid	419,000	425,000

Figures in Rand	2013	2012

22. Revenue

Service charges	32,202,117	27,754,677
Rental of facilities and equipment	882,534	389,622
Interest received (trading)	104,165	265,387
Licences and permits	1,350	1,100
Sale of game	-	197,300
Other income	1,064,852	533,027
Interest received - investment	478,873	815,952
Dividends received	146,218	69,042
Property rates	7,546,076	6,571,275
Government grants and subsidies	98,413,772	97,697,348
Fines	128,220	96,430
	140,968,177	**134,391,160**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	32,202,117	27,754,677
Rental of facilities and equipment	882,534	389,622
Interest received (trading)	104,165	265,387
Licences and permits	1,350	1,100
Sale of game	-	197,300
Other income - (rollup)	1,064,852	533,027
Interest received - investment	478,873	815,952
Dividends received	146,218	69,042
	34,880,109	**30,026,107**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	7,546,076	6,571,275
Transfer revenue		
Government grants & subsidies	98,413,772	97,697,348
Fines	128,220	96,430
	106,088,068	**104,365,053**

23. Service charges

Sale of electricity	18,924,673	15,759,782
Sale of water	5,636,670	5,111,954
Sewerage and sanitation charges	4,925,589	4,441,376
Refuse removal	2,715,185	2,441,565
	32,202,117	**27,754,677**

Notes to the Financial Statements

Figures in Rand	2013	2012

24. Rental of facilities and equipment

Facilities and equipment		
Rental of facilities	878,956	386,657
Rental of equipment	3,578	2,965
	882,534	**389,622**
Premises	-	-
Garages and parking	-	-
Facilities and equipment	882,534	389,622

25. Other income

Building plan fees	-	493
Commission received	195,485	155,964
Sundry income	97,298	33,101
Grave fees	144,134	111,158
Connection fees	492,671	101,486
Gravel sales	14,151	26,585
Building plan fees	20,603	15,509
Late payment penalty	74,140	69,261
Opening of graves	21,466	12,814
Special meter readings	4,904	6,656
	1,064,852	**533,027**

26. Property rates

Rates received

State	1,119,537	1,114,992
Property rates	6,426,539	5,456,283
	7,546,076	**6,571,275**

Notes to the Financial Statements

Figures in Rand	2013	2012

27. Government grants and subsidies

Equitable share	62,058,000	55,333,000
Municipal Infrastructure Grant	30,344,000	25,015,039
Municipal Systems Improvement Grant	800,000	840,000
Financial Management Grant	1,500,000	1,450,000
Lotto Grant	582,814	5,921,148
Free State Provincial Grant	1,746,491	153,509
COGTA Grant	-	8,414,652
District Municipality Grant	50,000	50,000
EPWP Government Grant (operating)	1,000,000	520,000
Skills Development Grant	332,467	-
	98,413,772	**97,697,348**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

All registered indigents receive a monthly subsidy of which is funded from the grant.

Municipal Infrastructure Grant

Current-year receipts	30,344,000	25,010,000
Conditions met - transferred to revenue	(30,344,000)	(25,010,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 20).

The grant is utilised to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure providing basic services for the benefit of poor households. The grant was used to construct roads, sewerage and water infrastructure as part of the upgrading of informal settlement areas.

Skills Development Grant

Balance unspent at beginning of year	216,825	127,615
Current-year receipts	115,643	89,210
Conditions met - transferred to revenue	(332,468)	-
	-	**216,825**

Conditions still to be met - remain liabilities (see note 20).

27. Government grants and subsidies (continued)

A workplace skills plan and training report must be submitted to LGSETA in compliance with the Skills Development Act before the unspent amount will be transferred.

Lotto Grant

Balance unspent at beginning of year	582,814	2,192,823
Current-year receipts	-	4,311,139
Conditions met - transferred to revenue	(582,814)	(5,921,148)
	-	**582,814**

Conditions still to be met - remain liabilities (see note 20).

The grant was utilised in the construction of an athletics track in Tikwana.

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	-
Current-year receipts	800,000	840,000
Conditions met - transferred to revenue	(800,000)	(840,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 20).

Finance Management Grant

Current-year receipts	1,500,000	1,450,000
Conditions met - transferred to revenue	(1,500,000)	(1,450,000)
	-	**-**

Conditions still to be met - remain liabilities (see note 20).

Free State Provincial Grant

Balance unspent at beginning of year	1,746,491	-
Current-year receipts	-	1,900,000
Conditions met - transferred to revenue	(1,746,491)	(153,509)
	-	**1,746,491**

Conditions still to be met - remain liabilities (see note 20).

The grant was utilised in the fencing of a cemetry in the municipal area.

COGTA grant

Figures in Rand	2013	2012

27. Government grants and subsidies (continued)

Current-year receipts	-	8,414,652
Conditions met - transferred to revenue	-	(8,414,652)
	-	-

Conditions still to be met - remain liabilities (see note 20).

District Municipality Grant

Current-year receipts	50,000	50,000
Conditions met - transferred to revenue	(50,000)	(50,000)
	-	-

Conditions still to be met - remain liabilities (see note 20).

The grant was received to assist the municipality in the redemption of their DBSA loan.

EPWP government grant (operating)

Current-year receipts	1,000,000	520,000
Conditions met - transferred to revenue	(1,000,000)	(520,000)
	-	-

Conditions still to be met - remain liabilities (see note 20).

The grant was received to assist the municipality in job creation.

Figures in Rand	2013	2012

28. Employee related costs

Basic	24,901,355	21,543,590
Medical aid - company contributions	1,897,176	2,402,693
UIF	254,604	211,883
SDL	335,108	259,594
Leave pay provision charge	1,724,178	1,135,879
Other short term costs	15,889	10,539
Post-employment benefits - Pension - Defined contribution plan	4,498,031	3,736,734
Travel, motor car, accommodation, subsistence and other allowances	2,532,249	1,494,275
Overtime payments	2,050,850	1,526,180
Long-service awards	408,000	-
Housing benefits and allowances	14,782	15,091
Termination benefits	5,516	328,000
	38,637,738	**32,664,458**

Remuneration of Section 57 Managers

Remuneration of TL Mkhwane (Municipal Manager)

Annual remuneration	207,000	-
Car allowance	23,927	-
Contributions to UIF, medical and pension funds	75,342	-
	306,269	**-**

Remuneration of KJ Motlhale (Previous Municipal Manager)

Annual remuneration	643,255	501,000
Car allowance	75,329	92,715
Contributions to UIF, medical and pension funds	151,543	189,108
Performance and other bonuses	64,748	29,000
	934,875	**811,823**

Remuneration of NL Moletsane (Chief Financial Officer)

Annual remuneration	174,000	-
Car allowance	27,164	-
Contributions to UIF, medical and pension funds	47,640	-
	248,804	**-**

Remuneration of JW Young (Previous Chief Financial Officer)

Annual remuneration	847,428	504,000
Car allowance	87,008	86,599
Contributions to UIF, medical and pension funds	224,063	235,130
	1,158,499	**825,729**

Notes to the Financial Statements

Figures in Rand	2013	2012

28. Employee related costs (continued)

Remuneration of BP Dikoko (Executive Manager Technical Services)

Annual remuneration	153,000	-
Car allowance	22,250	-
Contributions to UIF, medical and pension funds	51,462	-
	226,712	**-**

Remuneration of PW De Bruin (Previous Executive Manager Technical Services)

Annual remuneration	784,129	477,000
Car allowance	176,121	167,733
Contributions to UIF, medical and pension funds	235,262	214,078
	1,195,512	**858,811**

Remuneration of SS Rabanye (Executive Manager Corporate Services))

Annual remuneration	537,089	460,500
Car allowance	87,594	88,420
Contributions to UIF, medical and pension funds	185,355	218,712
Performance and other bonuses	40,250	38,500
	850,288	**806,132**

Remuneration ZK Tindleni (Executive Manager Community Services)

Annual remuneration	150,000	-
Car allowance	25,637	-
Contributions to UIF, medical and pension funds	62,463	-
	238,100	**-**

Remuneration MJ Mahlanyane (Previous Executive Manager Community Services)

Annual remuneration	539,068	439,200
Car allowance	84,909	107,957
Contributions to UIF, medical and pension funds	111,570	128,948
Performance and other bonuses	51,417	36,000
	786,964	**712,105**

29. Remuneration of councillors

Councillors	3,368,179	2,784,221
Councillors’ pension contribution	474,232	315,600
Executive Committee Members	-	19,651
Councillors' contribution to medical aid	771,526	550,901
	4,613,937	**3,670,373**

Notes to the Financial Statements

Figures in Rand	2013	2012

29. Remuneration of councillors (continued)

In-kind benefits

The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of a Council-owned vehicle for official duties.

The Mayor and Speaker have full-time drivers.

30. Depreciation and amortisation

Property, plant and equipment	18,770,744	19,753,250

31. Finance costs

Non-current borrowings	1,540,611	1,603,459
Trade and other payables	144,195	598
Finance leases	294,569	393,853
Other interest paid	780	185
	1,980,155	**1,998,095**

32. Debt impairment

Debt impairment	4,865,174	6,260,335

33. Bulk purchases

Electricity	25,285,762	21,656,741
Water	3,013,551	3,182,493
	28,299,313	**24,839,234**

Notes to the Financial Statements

Figures in Rand	2013	2012

34. General expenses

Advertising	311,653	61,575
Auditors remuneration	2,274,041	1,675,640
Bank charges	218,494	211,763
Cleaning	46,506	829,495
Consulting and professional fees	593,267	(34,686)
Consumables	-	201
Entertainment	87,142	59,316
Insurance	337,523	269,079
Fuel and oil	1,411,485	1,665,159
Printing and stationery	668,264	814,074
Protective clothing	137,243	194,886
Royalties and license fees	541	-
Subscriptions and membership fees	775,869	604,292
Telephone and fax	714,828	604,099
Training	548,674	851,831
Travel - local	823,958	758,820
Radio and television licenses	14,519	11,859
Vehicle licences	73,019	72,223
Valuation costs	944,160	359,470
Sewerage assessment (Green Drop)	187,313	143,677
Operating grant expenditure	4,014,467	3,823,641
Water quality assessment (Blue Drop)	187,313	127,343
Other expenses	6,599,370	6,129,052
	20,969,649	**19,232,809**

Other expenses include the following amounts:
- Chemicals for water purification R 1,554,124
- SALGA membership fees R 416,250
- Departmental levies (electricity) R 1,051,983
- Ward Committee Members R 380,500

35. Fair value adjustments

Investment property (Fair value model)	-	627,000
Other financial assets		
• Other financial assets (Designated as at FV through P&L)	74,075	(11,849)
	74,075	**615,151**

Notes to the Financial Statements

Figures in Rand	2013	2012

36. Investment revenue

Dividend revenue		
Unlisted financial assets - Local	146,218	69,042
Interest revenue		
ABSA - current account	2,106	880
Interest - call accounts	476,767	815,072
	478,873	**815,952**
	146,218	69,042
	478,873	815,952
	625,091	**884,994**

37. Auditors' remuneration

Fees	2,274,041	1,675,640

38. Cash generated from operations

Surplus	16,906,559	21,230,385
Adjustments for:		
Depreciation and amortisation	18,770,744	19,753,250
(Loss) gain on biological assets	(314,796)	(176,804)
Fair value adjustments	(74,075)	(615,151)
Finance costs - Finance leases	294,569	393,853
Debt impairment	4,865,174	6,260,335
Movements in operating lease assets and accruals	-	(3,609)
Movements in retirement benefit assets and liabilities	(6,000)	-
Movements in provisions	568,249	1,110,876
Other non-cash items (movement in agricultural asset balances)	183,015	457,965
Changes in working capital:		
Inventories	(335,753)	(77,701)
Receivables from exchange transactions	287,768	(501,681)
Other receivables from non-exchange transactions	2,167,987	(4,311,139)
Consumer debtors	(5,496,437)	(5,423,015)
Payables from exchange transactions	(5,456,234)	7,524,799
VAT	816,932	3,028,925
Unspent conditional grants and receipts	(2,546,130)	225,692
Consumer deposits	59,551	26,795
	30,691,123	**48,903,775**

Notes to the Financial Statements

Figures in Rand	2013	2012

39. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	1,349,784	5,669,922

Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	36,550,000	-

This committed expenditure relates to a sewerage network and the upgrading of an electricity network. The Municipal Infrastructure Grant will be used to finance the sewerage network whilst the upgrading of the electricity network will be financed from own funding.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	14,464	14,464
- in second to fifth year inclusive	26,518	40,982
	40,982	**55,446**

Operating leases - as lessor (income)

Minimum lease payments due		
- within one year	662,737	670,223
- in second to fifth year inclusive	2,479,323	2,567,861
- later than five years	1,011,129	1,250,677
	4,153,189	**4,488,761**

Certain of the municipality's property is held to generate rental income. Lease agreements are non-cancellable and have terms from 5 to 20 years. There are no contingent rents receivable.

40. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	636,687	614,304	2,332,604	8,914,282
Finance lease obligation	908,595	-	-	-

At 30 June 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	566,036	636,687	2,077,969	9,783,221
Finance lease obligation	601,963	895,427	-	-

40. Risk management (continued)

Risk from biological assets

The municipality is exposed to financial risks arising from changes in game prices. The municipality does not anticipate that game prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in game prices.

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Fair value interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Fixed interest loan from DBSA - 61000141	11.90 %	1,460,794	1,393,734	1,318,457	1,233,956	5,277,067
Fixed interest loan from DBSA - 61002008	13.45 %	9,121	-	-	-	-

Notes to the Financial Statements

Figures in Rand	2013	2012

40. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
ABSA Bank - Cheque account	2,531,499	5,718,004
ABSA Bank - Money Market account	1,520,000	4,473,716
Nedbank - 32 day notice account	-	5,028,034
FNB - Investment account	10,000,000	-
Consumer debtors	7,058,774	6,428,236

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

The table below summarises the impact of increases/decreases of the indexes on the municipality's post-tax surplus for the year and on equity. The analysis is based on the assumption that the equity indexes has increased/decreased by 5% with all other variables held constant and all the municipality's equity instruments moved according to the historical correlation with the index:

	Impact on post tax surplus in Rand		Impact on other components of equity in Rand	
Financial instrument	2013	2012	2013	2012
Senwes Limited shares	25,926	2,222	-	-
Senwesbel Limited shares	18,933	18,933	-	-

Surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified a available-for-sale.

Figures in Rand	2013	2012

41. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

42. Unauthorised expenditure

Opening balance	-	6,791,189
Unauthorised expenditure - current year	1,740,671	1,913,745
Approval by Council or condoned	(1,740,671)	(8,704,934)
	-	-

43. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - current year	98,842	1,411
Approval by Council or condoned	(98,842)	(1,411)
	-	-

44. Irregular expenditure

Opening balance	2,076,997	1,778,151
Irregular expenditure - current year	1,148,180	2,076,997
Approval by Council or condoned	(1,148,180)	(1,778,151)
	2,076,997	**2,076,997**

45. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	416,250	498,134
Amount paid - current year	(416,250)	(498,134)
	-	-

Audit fees

Current year fee	2,255,197	1,664,322
Amount paid - current year	(2,255,197)	(1,664,322)
	-	-

Notes to the Financial Statements

Figures in Rand	2013	2012

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

PAYE and UIF

Current year subscription / fee	5,258,747	3,588,401
Amount paid - current year	(5,258,747)	(3,588,401)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	7,379,220	5,319,656
Amount paid - current year	(7,379,220)	(5,319,656)
	-	-

VAT

VAT receivable	801,756	1,825,207
VAT payable	59,228	265,747
	860,984	**2,090,954**

Not all VAT returns were submitted by the due date during the 2012/2013 financial year.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
Horn, C	-	26,765	26,765
Taedi, TT	-	9,702	9,702
	-	**36,467**	**36,467**

30 June 2012	Outstanding less than 90 days	Outstanding more than 90 days	Total
Horn, C	-	13,383	13,383
Raseu, MC	-	373	373
Taedi, TT	-	6,837	6,837
	-	**20,593**	**20,593**

Figures in Rand	2013	2012

45. Additional disclosure in terms of Municipal Finance Management Act (continued)

Bulk eletricity and water distribution losses

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Management's best estimated value of bulk eletricity and water distribution losses are as follows:

Distribution losses	2013 (Kwh)	2013 (%)	2012 (Kl)	2012 (%)
Electricity	2,974,235	10	4,264,733	16
Water	1,218,144	32	2,118,625	55
	4,192,379	**42**	**6,383,358**	**71**

46. Utilisation of Long-term liabilities reconciliation

	2013	2012
Long-term liabilities raised	12,484,907	13,050,943

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

47. Related parties

Councillor Horn is currently leasing arable land from the municipality at R 11,739.15 per annum.

48. Prior period errors

The Eskom deposits included in the payables balances were understated for a couple of years and was corrected retrospectively. The total understatement amounts to R 76,359.49.

Commission paid in prior years were reallocated to the correct accounts and removed from suspense accounts. The total correction amounts to R 19,226.41.

Expenditure relating to the 2011/2012 financial year was incorrectly accounted for in 2012/2013 and had to be corrected. The total correction amounts to R 2,312.52.

Notes to the Financial Statements

Figures in Rand	2013	2012

48. Prior period errors (continued)

Expenditure relating to the 2010/2011 financial year was not previously recorded in the correct period and had to be corrected. The total correction amounts to R 794.

A payable balance of R 29,190.84 had to be corrected retrospectively.

Payments to creditors amounting to R 429,513.45 were not allocated to the payable balances and had to be corrected.

Professional fees were overstated in the prior year when the payment of creditors was allocated against the expense and not the payable balance. The correction amounts to R 384,204.70.

Income relating to the 2011/2012 financial year was incorrectly recognised in the current financial year and had to be corrected retrospectively. The correction amounts to R 300.

In 2009/2010 capital expenditure was not capitalised to the capital work in progress account. The completed project was moved from work in progress to infrastructure in 2012/2013 and the amount not capitalised to work in progress in 2009/2010 was corrected retrospectively. The total correction amounted to R 21,537,638.70.

An audit adjustment of R 265,746.58 was incorrectly porcessed in 2011/2012 and had to be corrected in 2012/2013.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Payables	-	838,853
Capital work in progress	-	21,537,639
VAT payable	-	(265,747)
VAT receivable	-	265,747
Opening Accumulated Surplus or Deficit	-	(22,376,492)
Statement of Financial Performance		
Other income	-	19,526
General expenses	-	(382,431)
Cash flow statement		
Cash flow from operating activities		
Payables from exchange transactions	-	(362,965)

Tswelopele Local Municipality
Appendix A
June 2013

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Development Bank of South Africa								
Loan 61000141			12,882,964	-	476,373	12,406,591	-	-
Loan 61002008			167,979	-	89,663	78,316	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			13,050,943	**-**	**566,036**	**12,484,907**	**-**	**-**
Bonds								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Other loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Lease liability								
Finance leases			1,510,557	-	512,652	997,905	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			1,510,557	**-**	**512,652**	**997,905**	**-**	**-**
Annuity loans								
			-	-	-	-	-	-
			-	-	-	-	-	-

Tswelopele Local Municipality
Appendix A
June 2013

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			13,050,943	-	566,036	12,484,907	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			1,510,557	-	512,652	997,905	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			14,561,500	**-**	**1,078,688**	**13,482,812**	**-**	**-**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B
June 2013

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	16,971,980	-	-	-	-	**-**	**16,971,980**	(361,664)	-	-	-	-	**(361,664)**	16,610,316
Buildings (Separate for AFS purposes)	82,488,261	8,871,471	-	-	-	**-**	**91,359,732**	(26,008,437)	-	-	(4,255,773)	-	**(30,264,210)**	61,095,522
	99,460,241	**8,871,471**	**-**	**-**	**-**	**-**	**108,331,712**	**(26,370,101)**	**-**	**-**	**(4,255,773)**	**-**	**(30,625,874)**	**77,705,838**
Infrastructure														
Roads, Pavements & Bridges	83,060,025	18,223,548	-	-	-	**-**	**101,283,573**	(37,468,367)	-	-	(5,250,773)	-	**(42,719,140)**	58,564,433
Transmission & Reticulation	32,155,547	-	-	-	-	**-**	**32,155,547**	(3,962,886)	-	-	(789,957)	-	**(4,752,843)**	27,402,704
Water purification	102,376,527	19,678	-	-	-	**-**	**102,396,205**	(21,372,058)	-	-	(4,105,848)	-	**(25,477,906)**	76,918,299
Sewerage purification	41,230,360	63,629,295	-	-	-	**-**	**104,859,655**	(8,373,326)	-	-	(2,647,502)	-	**(11,020,828)**	93,838,827
Waste Management	150,093	-	-	-	-	**-**	**150,093**	(124,441)	-	-	(10,050)	-	**(134,491)**	15,602
Other (work in progress)	69,681,334	28,913,984	-	-	-	**-**	**98,595,318**	-	-	(90,581,343)	-	-	**(90,581,343)**	8,013,975
	328,653,886	**110,786,505**	**-**	**-**	**-**	**-**	**439,440,391**	**(71,301,078)**	**-**	**(90,581,343)**	**(12,804,130)**	**-**	**(174,686,551)**	**264,753,840**
Community Assets														
Recreational facilities	4,899,257	-	-	-	-	**-**	**4,899,257**	(2,215,002)	-	-	(253,884)	-	**(2,468,886)**	2,430,371
Cemeteries	3,577,721	-	-	-	-	**-**	**3,577,721**	(817,472)	-	-	(163,181)	-	**(980,653)**	2,597,068
	8,476,978	**-**	**-**	**-**	**-**	**-**	**8,476,978**	**(3,032,474)**	**-**	**-**	**(417,065)**	**-**	**(3,449,539)**	**5,027,439**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B
June 2013

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	7,079,126	534,877	(574,970)	-	-	**-**	**7,039,033**	(5,864,796)	352,986	-	(388,967)	-	**(5,900,777)**	1,138,256
Computer Equipment	677,024	354,803	-	-	-	**-**	**1,031,827**	(619,590)	-	-	(121,588)	-	**(741,178)**	290,649
Furniture & Fittings	1,115,415	152,933	-	-	-	**-**	**1,268,348**	(693,737)	-	-	(149,119)	-	**(842,856)**	425,492
Office Equipment	55,805	5,999	-	-	-	**-**	**61,804**	(13,976)	-	-	(19,874)	-	**(33,850)**	27,954
Office Equipment - Leased	2,779,415	-	-	-	-	**-**	**2,779,415**	(1,948,714)	-	-	(334,380)	-	**(2,283,094)**	496,321
Other	2,449,466	158,945	-	-	-	**-**	**2,608,411**	(2,431,818)	-	-	(45,542)	-	**(2,477,360)**	131,051
	14,156,251	**1,207,557**	**(574,970)**	**-**	**-**	**-**	**14,788,838**	**(11,572,631)**	**352,986**	**-**	**(1,059,470)**	**-**	**(12,279,115)**	**2,509,723**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B
June 2013

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	99,460,241	8,871,471	-	-	-	**-**	**108,331,712**	(26,370,101)	-	-	(4,255,773)	-	**(30,625,874)**	77,705,838
Infrastructure	328,653,886	110,786,505	-	-	-	**-**	**439,440,391**	(71,301,078)	-	(90,581,343)	(12,804,130)	-	**(174,686,551)**	264,753,840
Community Assets	8,476,978	-	-	-	-	**-**	**8,476,978**	(3,032,474)	-	-	(417,065)	-	**(3,449,539)**	5,027,439
Other assets	14,156,251	1,207,557	(574,970)	-	-	**-**	**14,788,838**	(11,572,631)	352,986	-	(1,059,470)	-	**(12,279,115)**	2,509,723
	450,747,356	**120,865,533**	**(574,970)**	**-**	**-**	**-**	**571,037,919**	**(112,276,284)**	**352,986**	**(90,581,343)**	**(18,536,438)**	**-**	**(221,041,079)**	**349,996,840**
Agricultural/Biological assets														
Biological assets - game	816,680	183,014	-	-	156,274	**(24,492)**	**1,131,476**	-	-	-	-	-	**-**	1,131,476
	816,680	**183,014**	**-**	**-**	**156,274**	**(24,492)**	**1,131,476**	**-**	**-**	**-**	**-**	**-**	**-**	**1,131,476**
Intangible assets														
Licences, software and website	485,210	240,901	-	-	-	**-**	**726,111**	(473,119)	-	-	(234,308)	-	**(707,427)**	18,684
	485,210	**240,901**	**-**	**-**	**-**	**-**	**726,111**	**(473,119)**	**-**	**-**	**(234,308)**	**-**	**(707,427)**	**18,684**
Investment properties														
Investment property	23,876,000	-	-	-	-	**-**	**23,876,000**	-	-	-	-	-	**-**	23,876,000
	23,876,000	**-**	**-**	**-**	**-**	**-**	**23,876,000**	**-**	**-**	**-**	**-**	**-**	**-**	**23,876,000**
Total														
Land and buildings	99,460,241	8,871,471	-	-	-	**-**	**108,331,712**	(26,370,101)	-	-	(4,255,773)	-	**(30,625,874)**	77,705,838
Infrastructure	328,653,886	110,786,505	-	-	-	**-**	**439,440,391**	(71,301,078)	-	(90,581,343)	(12,804,130)	-	**(174,686,551)**	264,753,840
Community Assets	8,476,978	-	-	-	-	**-**	**8,476,978**	(3,032,474)	-	-	(417,065)	-	**(3,449,539)**	5,027,439
Other assets	14,156,251	1,207,557	(574,970)	-	-	**-**	**14,788,838**	(11,572,631)	352,986	-	(1,059,470)	-	**(12,279,115)**	2,509,723
Agricultural/Biological assets	816,680	183,014	-	-	156,274	**(24,492)**	**1,131,476**	-	-	-	-	-	**-**	1,131,476
Intangible assets	485,210	240,901	-	-	-	**-**	**726,111**	(473,119)	-	-	(234,308)	-	**(707,427)**	18,684
Investment properties	23,876,000	-	-	-	-	**-**	**23,876,000**	-	-	-	-	-	**-**	23,876,000
	475,925,246	**121,289,448**	**(574,970)**	**-**	**156,274**	**(24,492)**	**596,771,506**	**(112,749,403)**	**352,986**	**(90,581,343)**	**(18,770,746)**	**-**	**(221,748,506)**	**375,023,000**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	**Additions Rand**	**Disposals Rand**	**Transfers Rand**	**Revaluations Rand**	**Other changes, movements Rand**	**Closing Balance Rand**	**Opening Balance Rand**	**Disposals Rand**	**Transfers Rand**	**Depreciation Rand**	**Impairment loss Rand**	**Closing Balance Rand**	**Carrying value Rand**
Land and buildings														
Land (Separate for AFS purposes)	16,587,663	-	-	-	-	**-**	**16,587,663**	-	-	-	-	-	**-**	16,587,663
Buildings (Separate for AFS purposes)	82,488,261	-	-	-	-	**-**	**82,488,261**	(21,249,948)	-	-	(4,758,489)	-	**(26,008,437)**	56,479,824
	99,075,924	**-**	**-**	**-**	**-**	**-**	**99,075,924**	**(21,249,948)**	**-**	**-**	**(4,758,489)**	**-**	**(26,008,437)**	**73,067,487**
Infrastructure														
Roads, Pavements & Bridges	83,060,025	-	-	-	-	**-**	**83,060,025**	(31,861,519)	-	-	(5,606,848)	-	**(37,468,367)**	45,591,658
Transmission & Reticulation	32,155,547	-	-	-	-	**-**	**32,155,547**	(3,172,871)	-	-	(790,015)	-	**(3,962,886)**	28,192,661
Water purification	102,376,527	-	-	-	-	**-**	**102,376,527**	(17,227,988)	-	-	(4,144,070)	-	**(21,372,058)**	81,004,469
Sewerage purification	41,230,360	-	-	-	-	**-**	**41,230,360**	(6,702,023)	-	-	(1,671,303)	-	**(8,373,326)**	32,857,034
Waste Management	150,093	-	-	-	-	**-**	**150,093**	(114,391)	-	-	(10,050)	-	**(124,441)**	25,652
Other (work in progress)	35,442,775	34,238,559	-	-	-	**-**	**69,681,334**	-	-	-	-	-	**-**	69,681,334
	294,415,327	**34,238,559**	**-**	**-**	**-**	**-**	**328,653,886**	**(59,078,792)**	**-**	**-**	**(12,222,286)**	**-**	**(71,301,078)**	**257,352,808**
Community Assets														
Recreational facilities	4,899,257	-	-	-	-	**-**	**4,899,257**	(1,877,105)	-	-	(337,897)	-	**(2,215,002)**	2,684,255
Cemeteries	3,577,721	-	-	-	-	**-**	**3,577,721**	(654,291)	-	-	(163,181)	-	**(817,472)**	2,760,249
	8,476,978	**-**	**-**	**-**	**-**	**-**	**8,476,978**	**(2,531,396)**	**-**	**-**	**(501,078)**	**-**	**(3,032,474)**	**5,444,504**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B
June 2013

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														
General vehicles	6,543,973	535,153	-	-	-	**-**	**7,079,126**	(4,590,911)	-	-	(1,273,885)	-	**(5,864,796)**	1,214,330
Computer Equipment	677,024	-	-	-	-	**-**	**677,024**	(505,662)	-	-	(113,928)	-	**(619,590)**	57,434
Furniture & Fittings	1,086,775	28,640	-	-	-	**-**	**1,115,415**	(530,867)	-	-	(162,870)	-	**(693,737)**	421,678
Office Equipment	-	55,805	-	-	-	**-**	**55,805**	-	-	-	(13,976)	-	**(13,976)**	41,829
Office Equipment - Leased	2,779,415	-	-	-	-	**-**	**2,779,415**	(1,532,739)	-	-	(415,975)	-	**(1,948,714)**	830,701
Other	2,436,652	12,814	-	-	-	**-**	**2,449,466**	(2,424,183)	-	-	(7,635)	-	**(2,431,818)**	17,648
	13,523,839	**632,412**	**-**	**-**	**-**	**-**	**14,156,251**	**(9,584,362)**	**-**	**-**	**(1,988,269)**	**-**	**(11,572,631)**	**2,583,620**

Tswelopele Local Municipality
Tswelopele Local Municipality
Appendix B
June 2013

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	99,075,924	-	-	-	-	**-**	**99,075,924**	(21,249,948)	-	-	(4,758,489)	-	**(26,008,437)**	73,067,487
Infrastructure	294,415,327	34,238,559	-	-	-	**-**	**328,653,886**	(59,078,792)	-	-	(12,222,286)	-	**(71,301,078)**	257,352,808
Community Assets	8,476,978	-	-	-	-	**-**	**8,476,978**	(2,531,396)	-	-	(501,078)	-	**(3,032,474)**	5,444,504
Other assets	13,523,839	632,412	-	-	-	**-**	**14,156,251**	(9,584,362)	-	-	(1,988,269)	-	**(11,572,631)**	2,583,620
	415,492,068	**34,870,971**	**-**	**-**	**-**	**-**	**450,363,039**	**(92,444,498)**	**-**	**-**	**(19,470,122)**	**-**	**(111,914,620)**	**338,448,419**
Agricultural/Biological assets														
Biological assets - game	1,067,100	133,441	(102,698)	-	-	**(281,163)**	**816,680**	-	-	-	-	-	**-**	816,680
	1,067,100	**133,441**	**(102,698)**	**-**	**-**	**(281,163)**	**816,680**	**-**	**-**	**-**	**-**	**-**	**-**	**816,680**
Intangible assets														
Licences, software and website	262,093	223,117	-	-	-	**-**	**485,210**	(212,583)	-	-	(260,536)	-	**(473,119)**	12,091
	262,093	**223,117**	**-**	**-**	**-**	**-**	**485,210**	**(212,583)**	**-**	**-**	**(260,536)**	**-**	**(473,119)**	**12,091**
Investment properties														
Investment property	18,249,000	5,000,000	-	-	627,000	**-**	**23,876,000**	-	-	-	-	-	**-**	23,876,000
	18,249,000	**5,000,000**	**-**	**-**	**627,000**	**-**	**23,876,000**	**-**	**-**	**-**	**-**	**-**	**-**	**23,876,000**
Total														
Land and buildings	99,075,924	-	-	-	-	**-**	**99,075,924**	(21,249,948)	-	-	(4,758,489)	-	**(26,008,437)**	73,067,487
Infrastructure	294,415,327	34,238,559	-	-	-	**-**	**328,653,886**	(59,078,792)	-	-	(12,222,286)	-	**(71,301,078)**	257,352,808
Community Assets	8,476,978	-	-	-	-	**-**	**8,476,978**	(2,531,396)	-	-	(501,078)	-	**(3,032,474)**	5,444,504
Other assets	13,523,839	632,412	-	-	-	**-**	**14,156,251**	(9,584,362)	-	-	(1,988,269)	-	**(11,572,631)**	2,583,620
Agricultural/Biological assets	1,067,100	133,441	(102,698)	-	-	**(281,163)**	**816,680**	-	-	-	-	-	**-**	816,680
Intangible assets	262,093	223,117	-	-	-	**-**	**485,210**	(212,583)	-	-	(260,536)	-	**(473,119)**	12,091
Investment properties	18,249,000	5,000,000	-	-	627,000	**-**	**23,876,000**	-	-	-	-	-	**-**	23,876,000
	435,070,261	**40,227,529**	**(102,698)**	**-**	**627,000**	**(281,163)**	**475,540,929**	**(92,657,081)**	**-**	**-**	**(19,730,658)**	**-**	**(112,387,739)**	**363,153,190**

Tswelopele Local Municipality
Appendix C
June 2013

Segmental analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	319,011,122	91,195,009	(438,000)	-	-	**-**	**409,768,131**	(90,512,504)	216,016	-	(15,985,339)	-	**(106,281,827)**	303,486,304
Finance & Admin/Finance	1,832,196	260,207	-	-	-	**-**	**2,092,403**	(1,117,260)	-	-	(323,115)	-	**(1,440,375)**	652,028
Planning and Development/Economic Development/Plan	715,497	28,985	-	-	-	**-**	**744,482**	(536,537)	-	-	(112,140)	-	**(648,677)**	95,805
Comm. & Social/Libraries and archives	33,387,542	49,932	-	-	-	**-**	**33,437,474**	(11,708,632)	-	-	(1,722,895)	-	**(13,431,527)**	20,005,947
Road Transport/Roads	9,147,683	417,416	(136,970)	-	-	**-**	**9,428,129**	(8,039,688)	136,970	-	(392,948)	-	**(8,295,666)**	1,132,463
	364,094,040	**91,951,549**	**(574,970)**	**-**	**-**	**-**	**455,470,619**	**(111,914,621)**	**352,986**	**-**	**(18,536,437)**	**-**	**(130,098,072)**	**325,372,547**
Total														
Municipality	364,094,040	91,951,549	(574,970)	-	-	**-**	**455,470,619**	(111,914,621)	352,986	-	(18,536,437)	-	**(130,098,072)**	325,372,547
	364,094,040	**91,951,549**	**(574,970)**	**-**	**-**	**-**	**455,470,619**	**(111,914,621)**	**352,986**	**-**	**(18,536,437)**	**-**	**(130,098,072)**	**325,372,547**

Tswelopele Local Municipality
Appendix D
June 2013

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
526,912	27,539,187	(27,012,275)	Executive & Council/Mayor and Council	49,030,845	49,839,180	(808,335)
69,020,445	12,758,318	56,262,127	Finance & Admin/Finance	1,442,777	4,631,007	(3,188,230)
-	-	-	Planning and Development/Economic Development/Plan	-	-	-
-	-	-	Health/Clinics	-	-	-
14,772,201	10,085,749	4,686,452	Comm. & Social/Libraries and archives	4,754,915	10,150,191	(5,395,276)
-	-	-	Housing	-	-	-
-	774,026	(774,026)	Public Safety/Police	1,580,010	1,380,761	199,249
5,921,148	933,962	4,987,186	Sport and Recreation	582,814	1,361,544	(778,730)
2,441,565	7,046,984	(4,605,419)	Environmental Protection/Pollution Control	-	-	-
4,491,376	6,488,566	(1,997,190)	Waste Water Management/Sewerage	28,761,124	13,597,595	15,163,529
29,982	10,016,162	(9,986,180)	Road Transport/Roads	17,729	10,179,172	(10,161,443)
4,631,225	6,758,856	(2,127,631)	Water/Water Distribution	18,782,862	8,150,457	10,632,405
16,421,517	22,085,105	(5,663,588)	Electricity /Electricity Distribution	36,403,970	25,160,580	11,243,390
16,730,709	9,269,780	7,460,929	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
134,987,080	**113,756,695**	**21,230,385**		**141,357,046**	**124,450,487**	**16,906,559**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
134,987,080	113,756,695	21,230,385	Municipality	141,357,046	124,450,487	16,906,559
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Tswelopele Local Municipality
Appendix D
June 2013

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
134,987,080	**113,756,695**	**21,230,385**	**Total**	**141,357,046**	**124,450,487**	**16,906,559**

Tswelopele Local Municipality
Appendix E(1)
June 2013

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal. Rand	Current year 2013 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	7,546,076	4,085,000	3,461,076	84.7	
Service charges	32,202,117	32,083,000	119,117	0.4	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	882,534	799,000	83,534	10.5	
Interest received (trading)	104,165	-	104,165	-	
Dividends received	-	-	-	-	
Income from agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	1,350	1,300	50	3.8	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fines	128,220	232,000	(103,780)	(44.7)	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income	1,064,852	814,000	250,852	30.8	
Financial intruments - Fee income	-	-	-	-	
Other income - (rollup)	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Government grants	98,413,772	66,316,000	32,097,772	48.4	
Interest received - investment	478,873	480,000	(1,127)	(0.2)	
Interest received - other	-	-	-	-	
Dividends received	146,218	-	146,218	-	
	140,968,177	104,810,300	36,157,877	34.5	

Tswelopele Local Municipality
Appendix E(1)
June 2013

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Expenses					
Personnel	(38,637,738)	(35,136,000)	(3,501,738)	10.0	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(4,613,937)	(4,877,000)	263,063	(5.4)	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(18,770,744)	-	(18,770,744)	-	
Impairment	-	-	-	-	
Amortisation	-	-	-	-	
Impairments	-	-	-	-	
Reversal of impairments	-	-	-	-	
Finance costs	(1,980,155)	(2,346,000)	365,845	(15.6)	
Debt impairment	(4,865,174)	(2,500,500)	(2,364,674)	94.6	
Collection costs	-	-	-	-	
Repairs and maintenance - Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	(6,313,778)	(6,261,079)	(52,699)	0.8	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(28,299,313)	(20,215,000)	(8,084,313)	40.0	
Contracted Services	-	-	-	-	
Grants and subsidies paid	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(20,969,650)	(36,040,421)	15,070,771	(41.8)	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	(124,450,489)	(107,376,000)	(17,074,489)	15.9	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	-	-	-	-	
Gain or loss on exchange differences	-	-	-	-	
Fair value adjustments	388,871	-	388,871	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	

Tswelopele Local Municipality
Appendix E(1)
June 2013

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2013 Act. Bal.	Current year 2013 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	388,871	-	388,871	-	
Net surplus/ (deficit) for the year	16,906,559	(2,565,700)	19,472,259	(758.9)	

Tswelopele Local Municipality
Appendix E(2)
June 2013

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	1,195,009	1,195,009	-	-	
Finance & Admin/Finance	260,207	260,207	-	-	
Planning and Development/Economic Development/Plan	28,985	28,985	-	-	
Comm. & Social/Libraries and archives	49,932	49,932	-	-	
Road Transport/Roads	417,416	417,416	-	-	
Other/Air Transport	-	-	-	-	
	1,951,549	**1,951,549**	**-**	**-**	
Municipal Owned Entities					
	8,014	**-**	**(8,014)**	**-**	
Other charges					

Tswelopele Local Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2013

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Expanded Public Works Programme Integrated Grant		-	00,000	41,000	00,000	59,000	-	-	-	-	00,000	-	-	-	-	-			
Equitable Share		58,000	-	-	-	-	-	-	-	-	58,000	-	-	-	-	-			
Municipal Systems Improvement Grant		00,000	-	-	-	-	-	-	-	-	00,000	-	-	-	-	-			
Finance Management Grant		00,000	-	-	-	-	-	-	-	-	00,000	-	-	-	-	-			
Municipal Infrastructure Grant / Integrated National Electrification Programme		44,000	-	-	-	-	-	-	-	-	44,000	-	-	-	-	-			
		02,000	00,000	41,000	00,000	59,000	-	-	-	-	02,000	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.